TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

SB 94 - HB 83

February 27, 2015

SUMMARY OF BILL: Deletes the current credit union annual supervision fee structure based on a graduated scale in proportion to assets according to a set schedule. Requires the Commissioner of the Department of Financial Institutions to determine an annual budget for the credit union division attributable to the regulation and examination of credit unions and requires such budget to be divided among the credit unions and assessed as a supervision fee in proportion to total assets of each credit union. Authorizes the Commissioner to establish minimum assessment tiers, not to exceed $5,000, and prohibits the maximum assessment from exceeding 80 percent of the allocated amounts for any credit union with an asset size greater than $1,000,000,000. Authorizes the Commissioner to consider the following factors in determining the minimum assessment tiers and the maximum assessment: the asset size of each credit union; the concentration risk on department revenue sources; the budgetary needs of the credit union division; and other information that the Commissioner deems relevant to the determination.

ESTIMATED FISCAL IMPACT:

Increased State Expenditures – Not Significant

Other Fiscal Impact – The fiscal impact of this bill is dependent on the annual budget for the Department of Financial Institutions attributable to the regulation and examination of entities regulated by the Credit Union Division and the number of state-chartered and corporate credit unions. Any such impact over the long term cannot be quantified with reasonable certainty. However, the Department estimates that the Division's budgetary needs and subsequent supervision fee total assessments will be approximately $2,300,000 in FY15-16, representing a $200,000 decrease in supervision fee collections from FY14-15.

Assumptions:

- The fiscal impact of the proposed legislation is dependent on the amount of the Credit Union Division's annual budget attributable to the regulation and examination of state-chartered and corporate credit unions and the total number of such credit unions.
- In FY14-15, the Division collected approximately $2,500,000 in supervision fee revenue from the regulated credit unions. The Department estimates that, in FY15-16, the Division's budget attributable to the regulation and examination of credit unions will be

approximately $2,300,000, representing a $200,000 decrease in supervision fee assessments imposed on the regulated entities.

- As a result, and based on differing asset values among the credit unions, it is estimated that approximately 40 credit unions will pay more and 53 credit unions will pay less in FY15-16 than they paid in FY14-15.
- The Department does not anticipate any increases in the Division's budgetary needs at the present time.

IMPACT TO COMMERCE:

Other Impact – The bill may result in an increase in expenditures for certain credit unions and a decrease in expenditures for other credit unions. In FY15-16, it is estimated that the total supervision fee assessments on credit unions will decrease by approximately $200,000, with 40 credit unions paying more and 53 credit unions paying less than in FY14-15. Any commerce impact in subsequent years is dependent on the Credit Union Division's budget attributable to the regulation and examination of state-chartered and corporate credit unions and the number of such unions. These numbers are unknown and cannot be quantified with reasonable certainty.

Assumptions:

- The proposed legislation may result in an increase in expenditures for some credit unions and a decrease in expenditures for other credit unions.
- The Department estimates that the Credit Union Division's budget attributable to the regulation and examination of credit unions will be approximately $2,300,000 in FY15-16, which represents a decrease of $200,000 from the total supervision fee assessments imposed on credit unions in FY14-15. As a result, it is estimated that approximately 40 credit unions will pay more and 53 credit unions will pay less in FY15-16 than they paid in FY14-15.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Jeffrey L. Spalding

Jeffrey L. Spalding, Executive Director

/bos